

Message Text

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PAGE 01 MANILA 03520 030930Z
ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 PM-05
NSC-05 SP-02 SS-15 TRSE-00 H-01 PA-01 USIA-06
/069 W

-----101408 031442Z /45

R 030841Z MAR 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 2480

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E. O. 11652: NA
TAGS: EAIR, EFIN, RP
SUBJECT: CIVAIR: PRESIDENT SIGNS NEW DECREE ON TAXES FOR PAL

1. BUSINESS DAY REPORTED IN ITS LEAD ARTICLE ON MARCH 3
THAT PRESIDENT MARCOS SIGNED THE DAY BEFORE PRESIDENTIAL
DECREE 1294 WHICH GRANTS TAX EXEMPTIONS AND OTHER INCEN-
TIVES TO PHILIPPINE AIRLINES "TO MAKE ITS OPERATIONS VIABLE
AND COMPETITIVE."

2. U.S. AIRLINES HERE WILL BE REPORTING THIS DEVELOPMENT,
AND THE DEPARTMENT MAY BE RECEIVING SOME INQUIRIES ABOUT IT.
PANAM HAS NOT STUDIED THE DECREE AND HAS NO COMMENT AT THIS
TIME, WHILE NORTHWEST'S PRELIMINARY VIEW IS THAT THE DE-
CREE DOES NOT GIVE PAL A COMPETITIVE EDGE OVER FOREIGN
CARRIERS.

3. HETHERTO, PAL HAS BEEN SUBJECT ONLY TO A FRANCHISE TAX
OF TWO PERCENT OF GROSS RECEIPTS. WHILE WE HAVE NOT YET BEEN
ABLE TO OBTAIN A COPY OF PD 1294 AND THE BUSINESS DAY AR-
TICLE IS CONFUSING AND NOT ENTIRELY ACCURATE, WE UNDERSTAND
FROM A TAX EXPERT THAT THE NEW DECREE PROVIDES
THAT PAL PAY TWO PERCENT OF GROSS RECEIPTS OR THE REGU-
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LAR CORPORATE INCOME TAX (WHICH IS 25 PERCENT OF NET TAX-
ABLE INCOME UP TO FIRST 100,000 PESOS AND 35 PERCENT
ON THE EXCESS), WHICHEVER IS LOWER.

4. SINCE PAL HAS BEEN LOSING MONEY FOR YEARS ON ITS DO-
MESTIC OPERATIONS, THE REGULAR CORPORATE INCOME TAX LIA-
BILITY IS LESS THAN THE TWO PERCENT OF GROSS RECEIPTS. PAL

HAS SOUGHT THIS CHANGE FOR THE LAST SEVERAL YEARS UNDER
BENIGNO TODA, BUT THE GOP HAS TURNED A DEAF EAR UNTIL PAL
BECAME A GOP-OWNED AIRLINE UNDER THE STEWARDSHIP OF A PALACE
FAVORITE.

5. PD 1294 WILL BE POUCHED WHEN RECEIVED.
STULL

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NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESIDENT, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA03520
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Film Number: D780097-1049
Format: TEL
From: MANILA
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197803110/aaaadpit.tel
Line Count: 69
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e2a024b9-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: ONLY
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Retention: 0
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Review Content Flags:
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Review Exemptions: n/a
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3129643
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: PRESIDENT SIGNS NEW DECREE ON TAXES FOR PAL
TAGS: EAIR, EFIN, RP
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e2a024b9-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
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